Solvency and Financial Condition report (Germany)

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22 September 2017

Copenhagen, IC meeting

Solvency and Financial Condition Report (SFCR)

Solo undertakings had to publish the report by 20 May 2017. Report is based on data of 31 December 2016.

EIOPA announced first analysis of the reports until end of 2017

Germany:

- 17 July 2017: BaFin published first insights
- BaFin announced publication of first key figures for
  - solo undertakings until 22 August 2017 and for
  - groups until 3 October 2017

Both publications are still outstanding.

Solvency and Financial Condition Report (SFCR)

Solo undertakings had to publish this report by 20 May 2017. Report is based on data of 31 December 2016.

Delegated Regulations prescribe structure and content of the report. Structure set out in Annex XX and disclosure of information referred to in Art. 292 – art. 298

- Business and performance (art. 293)
- System of Governance (art. 294)
- Risk profile (art. 295)
- Valuation for Solvency purposes (art. 296)
- Capital management (art. 297)

EIOPA announced first analysis of the reports until end of 2017

BaFin: SFCR - First insights

BaFin published first insights 17 July 2017

84 life insurance undertakings supervised by BaFin

- 73 used standard formula
- 11 used (partial) internal model

<u>Importance of LTG – measures</u>

60	Transitional measures on technical provisions
	- thereof 47 using volatility adjustment
1	Transitional measure on the risk free interest rate
	- additional with volatility adjustment
8	Solely volatility adjustment

BaFin announced publication of key figures for solo undertakings by 22 August 2017

(https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Anlage/pm_170728_analyse_solvency_II_jahreszahlen_anlage.html)

BaFin: SFCR - First insights

SCR / MCR – Coverage (Life insurer)

Industry without transitional: SCR 220% MCR 471%

- Without volatility adjustment: SCR 165% (Median 155%)
  MCR 398%

Impact of volatility adjustment on SCR Coverage (on average) 34%-points

Impact of transitional measures on SCR-Coverage (on average) 235%-points (minimal 30%-points)

	SCR	MCR
Coverage	344%	795%
maximum	3560%	3682%
minimum	117%	103%
median	330%	820%
Internal Model	338%	753%

- 13 Undertakings: Transitional needed for SCR coverage (Shortage 1,56 bn. Euro)
- 9 Undertakings: Transitional needed for MCR – Coverage (Shortage 0,18 bn. Euro)

BaFin: SFCR - First insights
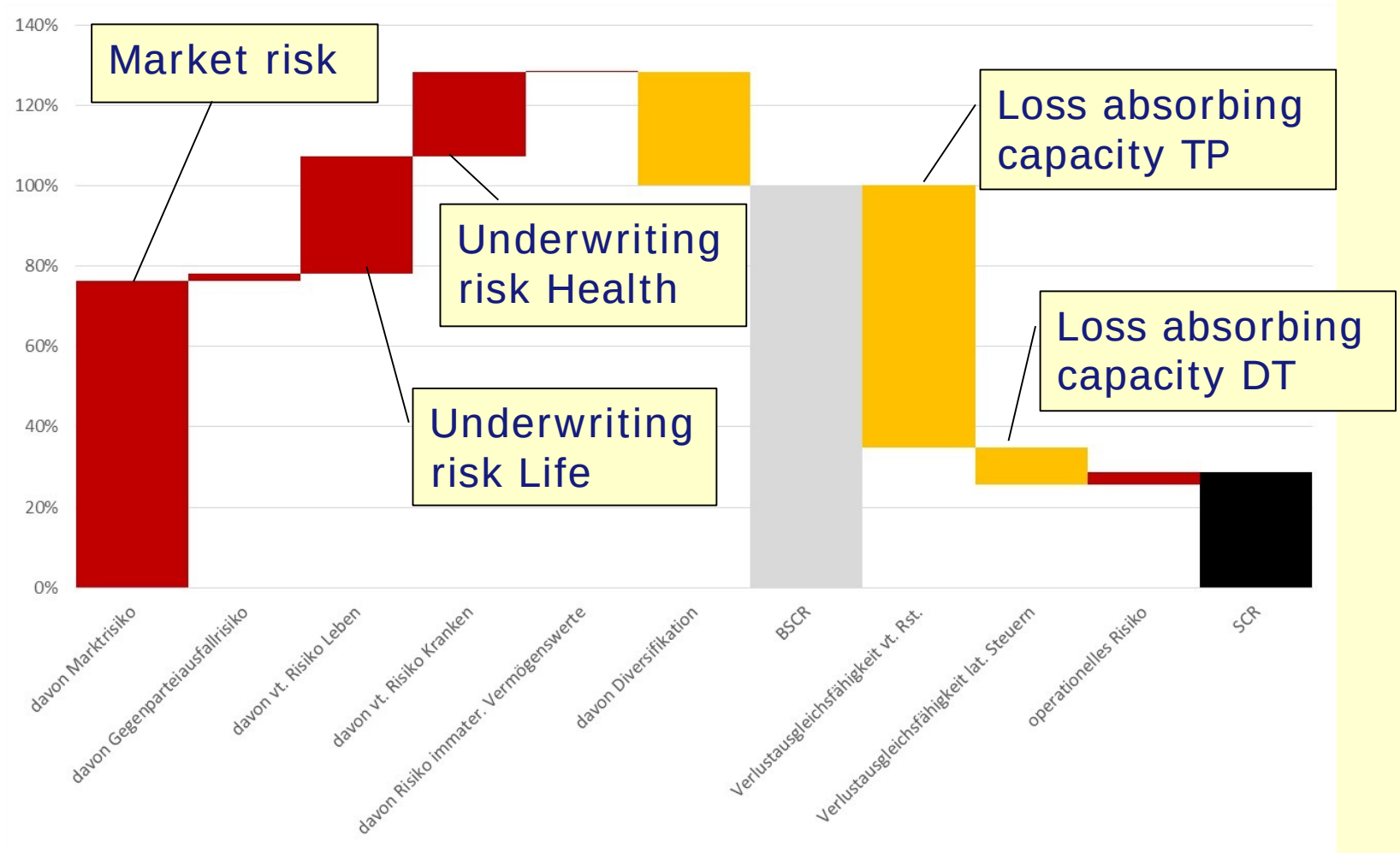
Figure 1: Composition of SCR life insurance undertakings using standard formula (31 December 2016); Source: BaFin